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FDD Introductory Comment

[The nature and volume of investments in the East German economy in the period 1945-1955 were determined by the following three factors in addition to the normal growth of the economy: war damage and dismantling under the Potsdam Agreement, the division of Germany, and the domination of East Germany by the USSR.

War damage and dismantling resulted in a drastic reduction of East German industrial capacity (up to 80 percent in the metallurgical industry). This capacity had to be restored if the area was to support its population and have a balanced economy of its own.

Domination by the USSR had the following effects: First, East Germany was required to make reparations payments to the USSR and Poland out of current production. For this purpose, some industrial facilities which had not been destroyed or dismantled were placed under Soviet administration to work on reparations, and were thus lost to the East German economy. Other industrial plants were rebuilt, and new capacities were created, either to work on reparations orders or to replace plants working on such orders. Second, as the East German economy became more closely adjusted to the Soviet Bloc economy as a whole, old capacities had to be stored and new ones created to produce heavy machinery and other commodities which East Germany was expected to export to Soviet Bloc countries. Third, as a result of Soviet domination, an industry actually or potentially capable of armament production had to be created in East Germany.

The division of Germany cut off the industry of East Germany from important sources of raw materials, semifinished products, capital goods, and consumer goods. For this reason, the area was forced to create new industries, factories, plants, shops, and laboratories, to produce commodities for which it used to rely on West Germany or on the non-Soviet Bloc area in general.]

I. POLICIES AND PLANS

General

Since 1945, industrial investments in the area of the German Democratic Republic [GDR] have developed for the most part along two lines. In the first place, an effort was made to develop the area's iron and steel industry. Damaged and dismantled plants were rebuilt; and additional steelworks were built, which were to rely on the Soviet Bloc [particularly Upper Silesia] for fuel and ore. The decision to develop these steelworks was taken when the procurement of West German iron and steel materials required by GDR industry became difficult. Funds for this expansion of the iron and steel industry were made available under the Two-Year Plan, 1949-1950 [and under the Five-Year Plan, 1951-1955].

The second line of development was the retooling of the GDR machine building industry from one producing light machinery and consumer goods to one producing heavy machinery and equipment for the capital goods industry. This changeover, which began in 1952 when the expansion of the metallurgical industry was nearly completed, was made necessary by the following factors: increased demand for heavy machinery for GDR investments, export of heavy machinery as reparations, and greater commercial export commitments. The commercial export of heavy machinery increased as other East European Satellites became more industrialized and changed their demand from consumer goods and light machinery to heavy machinery. Finally, there may have been a desire on the part of GDR planning authorities to establish an armament industry in the GDR.(1)

The following tables show GDR investments, 1949-1955:

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Table 1. GDR Investment Plans, 1949-1955

Branch of Economy	1949		1950		Five-Year Plan (1951-1955)	
	(million DM)	(%)	(million DM)	(%)	(million DM)	(%)
Industry			1,078	45.9	15,372	53.7
Agriculture			204	8.7	1,764	6.2
Transportation, postal service, and communications	678	49.0	257	10.9		
Local economy	--	--	--	--	2,671	9.3
Housing and communal construction	277	20.0	268	11.4	894	3.1
Land-reform construction program	--	--	100	4.3	3,456	12.1
Education	263	19.0	103	4.4	1,423	5.0
Health	--	--	59	2.5	957	3.3
Trade and material supply	--	--	--	--	532	1.9
Other branches of economy	166	12.0	281	11.9	--	--
Investment reserves	--	--	--	--	1,545	5.4
Total	1,384	100.0	2,350	100.0	28,614	100.0 (2)

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Table 2. GDR Investment Plans and Investment Plan Fulfillment, 1951-1955

Branch of Economy	1951		1952	
	Annual Plan (million DM)	Plan Fulfillment (million DM) (%)	Annual Plan (million DM)	Plan Fulfillment (million DM) (%)
Industry	2,276	1,734.2 76	2,470	2,048.2 83
Transportation and communications	424	374.2 88	468	390.4 83
Agriculture, forestry and water (c)	255	256.8 101	286	290.7 120
Trade and material supply	60	62.3 104	52	53.3 103
Education, science, art (d)	108	72.0 66	158	142.6 90
Health and social welfare	145	101.3	186(e)	112.5(e)
Youth and sports		61.4		152.8(e)
Housing and communal construction (f)	960	706.1 84	1,140(e)	1,079.5(e)
Local economy	--	--	--	--
Investment reserve	--	--	400	278.6 70
Total	4,228	3,472.5 82	5,160	4,548.6 88

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Annual Plan 1953 (million DM)	Long-Range Plans (a) 1954 (million DM)	1955 (million DM)	Total of Annual Plans (million DM)	Five-Year Plan (b) (million DM)
2,862	3,100	3,100	14,208	15,372
456	520	580	2,448	2,671
306	170	170	1,187	1,764
58	65	70	305	532
135	185	220	806	1,423
128	240	360	1,302	657
243				300
1,252	1,420	1,500	6,272	3,456
--	--	--	--	894
--	--	--	--	1,545
5,440	5,700	6,000	26,528	28,614

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- (a) Prepared December 1951
- (b) According to Law for the Five-Year Plan of 1 November 1951
- (c) Investments in the Land-Reform Construction Program were included in this category 1951-1953, and under Housing and Communal Construction in the 1954 and 1955 long-range plans.
- (d) Annual figures include only GDR budget allocations; while local budget allocations are included under Housing and Communal Construction, the Five-Year Plan figure apparently includes both GDR and local budget allocations.
- (e) In 1953, responsibility for this group of investments was reallocated among the planning units. On the basis of the 1953 allocation method, 1952 allocations would have been as follows:

<u>Branch of Economy</u>	<u>1952 Plan (million DM)</u>	<u>1952 Plan Fulfillment (%)</u>
Health and social welfare	165	[68]
Youth and sports	146	[105]
Housing and communal construction	1,015	106

(f) Figures for 1951 include private investments, for which the plan and plan fulfillment figures are as follows: plan, 314 million DM; plan fulfillment, 104.2 million DM, or 33 percent. (1)

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Table 3. GMR Industrial Investments, 1951-1953

Branch of Industry	1951 Plan (million DM)	1951 Plan Fulfillment (million DM) (%)		1953 Plan (a) (million DM)		1952 Plan Fulfillment (million DM) (%)		1953 Plan (a) (million DM)	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
Power and mining	385.4	296.8	55[sic]	508.9(b)	420.3	402.5	79	534.0(c)	427.6
Metallurgy	410.5	412.3	101	486.0	487.8	341.8	70	452.7	308.5
Heavy machine building	218.0	156.4	72	307.4	245.8	232.7	76	421.6	346.9
General machine building	411.1	309.2	75	342.0	240.1	338.3	99	387.0	383.3
Electrical equipment	156.3	134.6	76	165.0	143.3	167.2	101	124.3	126.5
Precision instruments and optics	74.6	75.1	101	78.2	78.7	88.3	113	65.8	75.9
Chemicals	82.6	73.2	89	78.0	68.6	64.6	83	178.7	165.3
Stones and earths	76.4	75.2	89[sic]	87.5	86.3	88.8	101	103.4	104.7
Construction industry	196.7	46.3	23	185.7	35.3	124.3	67	187.2	125.8
Light industry	112.1	82.5	74	156.0	126.4	108.4	69	162.8	115.2
Foodstuff and fish industry	152.3	72.6	48	75.3	- 4.4	91.3	121	134.5	150.5
Total	2,276.0	1,734.2	76	2,470.0	1,928.2	2,048.2	83	2,752.0	2,330.2
Reserve	--	--	--	400.0	400.0	278.6	70	110.0	- 11.4
Total	2,276.0	1,734.2	76	2,870.0	2,328.2	2,326.8	81	2,862.0	2,318.8

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(a) Gross planned investments include total investment expenditures to be made during the year for new investments and for the backlog of investments from previous years, in which the investment plan was not fulfilled. Net planned investments do not include this backlog, but only new investments actually planned for the year.

(b) Power, 262.4 million DM; mining, 226.5 million DM

(c) Power, 295.4 million DM, mining, 230.6 million DM (1)

Investment Plans and Plan Fulfillment, 1951-1953

Certain expenditures, not included in the Five-Year Plan or in the annual investment plans of the Five-Year Plan period, must be considered investment funds. These include, in the first place, small private investments which need not be licensed and which do not appear in the investment plans for this reason. Because of the general shortage of construction materials, this sum is probably not very large. Secondly, general repairs in the people-owned sector of the economy are a part of the total investment expenditures, although they are not included in the investment plans. Such expenditures amounted to 392 million DM in 1951 and 461 million DM in 1952. To the extent to which general repairs prolong the life of a machine beyond the time it has been fully amortized, general repair costs must be added to investment expenditures. Funds allocated for the maintenance of public property [not further explained] (none in 1951, 500 million DM in 1952) should also be considered investment expenditures.

The final 1952 investment plan was about 1,250,000,000 DM greater than originally planned. The additional allocations for industrial investments were barely sufficient to pay for the completion of 1951 investment projects which had not been completed by the end of that year. Other increases were allocated to the construction of secondary installations in industrial enterprises [dispensaries, club rooms, etc.], of housing, and of community buildings. Although the 1952 investment plan no longer shows investments from private funds, it may be assumed that such investments were used, for the most part in housing construction, and that therefore the state construction program [as shown in the 1952 Economic Plan, was increased by 300 million to 400 million DM.

The 1952 long-term credit plan was reduced from 490 million DM to 445 million DM, while the long-term credits to be made available for the land-reform construction program were increased from 155 million DM to 200 million DM. Consequently, long-term credits available for all other investment purposes were reduced from 335 million DM to 245 million DM. The funds from which these long-term loans were to be made may even include the 116.2 million DM collected under the National Reconstruction Program. Consequently, the reduction in private housing construction may only indicate a shift in housing construction from the private to the people-owned sector of the economy.

The 1952 investment plan differs from the 1951 plan in the following additional respects: In 1952, investments in secondary installations of industrial enterprises were probably listed under appropriate plan categories [according to the nature of the building] rather than under the industry concerned. Secondly, while the 1951 plan probably reflected military spending, the 1952 plan probably does not.

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It is doubtful whether the changes in the 1953 investment plan announced with the initiation of the New Course, really imply an important change in GDR investment policy. The Revised 1953 Economic Plan of 4 October 1953 provides for a reduction of investments in heavy industry (except the brown-coal and electric-power industries) by 600 million DM. However, under this new plan, actual construction plans are to be reduced by only 300 million DM. On the whole, it appears that the investment plan was simply adjusted to the completion of construction actually in progress. Total investments, according to the Revised 1953 Economic Plan are lowered from 125 percent to 120 percent of the 1952 investment plan, or by a net of 230 million DM, after investments in consumer goods industries had been increased by 70 million DM.

Under the revised 1953 investment plan, about 300 million DM was available for housing and road construction. In view of the increase in long-term credits of about 390 million DM, provided for in the revised budget of 9 October 1953, it appears that considerable funds, not included in the investment plan, from savings banks and other credit institutions, were to be used for investments. Counting private funds available for construction, there is probably 600 million DM available for investments of all types, in addition to funds provided in the original [1953] investment plan. (1)

II. INVESTMENTS BY INDUSTRIES

Power and Mining

In 1939, the area which is now the GDR produced 16.5 percent of all German mining output. However, the area's share in various products differed widely. It produced only 3.5 percent of all German black coal (steinkohle) in 1937, but 66.6 percent of all briquettes.

As a result of war damage and dismantling, the mining industry of the area lost the following capacities in the period 1945-1947:

Table 4. Loss of Capacity by Mining Industry, 1945-1947
(in %)

<u>Activity</u>	<u>Loss From War Damages</u>	<u>Loss From Dismantling</u>	<u>Remaining Capacity</u>
Black-coal mining	[not given]	6	[not given]
Brown-coal mining	3	40	57
Brown-coal briquette production	3	35	62
Ore mining	[not given]	5	[not given]
Potash mining	4	6	88 (3)

The loss of liquid fuel production capacity during 1945-1947 was 40 percent [of wartime capacity].

The Two-Year Plan, 1949-1950, did not provide for any major investments in the fields of fuel and power. (4)

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However, in 1949, it was planned that the following investments were to be made in the mining industry by the end of 1954: three new black-coal mines and 17 new brown-coal open-pit mines to be opened, and ten new briquette factories to be built. Sixty-four percent of all investment funds to be available to the industry during this period was to be spent on these installations. (1)

In 1951, 21.3 million DM was made available for investments in black-coal production, and 22.1 million DM for investments in brown-coal production. The 1952 investment plan included 58.2 million DM for the liquid fuel industry. [These figures are included in the figures for Power and Mining in Table 3, above.] (4)

The output of electric power in the area which is now the GDR has developed as follows from 1936 to 1955:

Table 5. Electric Power Output, 1936-1955

Year	Nonindustrial Generating Plants		Industrial Generating Plants*		Total Output (million kwh)
	(million kwh)	(% of total output)	(million kwh)	(% of total output)	
1936	7,453	59	5,264	41	12,737
1944	13,582	53	12,218	47	25,800
1946	7,286	66	3,814	34	11,100
1947	7,951	60	5,353	40	13,304
1948	8,480	55	6,920	45	15,400
1949	8,820	51	8,480	49	17,300
1950	9,740	52	9,080	48	18,820
1951	10,880	51	10,480	49	21,360
1952	11,678	53	10,508	47	22,186
1953	13,026	54	11,178	46	24,204
1954 (Plan)	16,000	53	14,200	47	30,200
1955 (Plan)	16,880	51	16,534	49	33,414

*Including Reichsbahn electric power stations

At the end of 1953, the GDR electric power industry had an installed capacity of 5,100 megawatts and a maximum actual output of 3,800 megawatts. According to the Five-Year Plan, installed capacity is to be 7,000 megawatts in 1955, and actual output, 5,500 megawatts. By 1955, 33.4 billion kilowatt-hours of power are to be produced in 6,100 hours of operation.

There was a deficiency of boilers, as compared with generating capacity, throughout the Five-Year Plan period, which was to be eliminated by the end of this period.

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Total investment funds allocated for electric power development in the years 1951-1953 amounted to 549.4 million DM, an average of 163 million DM per year. Investment allocations for this industry in 1954 amounted to 387.6 million DM, of which 22 percent was granted in DM (West) and in foreign exchange for the purchase of equipment abroad.(5)

Iron and Steel

In 1939, the area which is now the GDR produced 13.2 percent of the total German iron and steel output. Its metallurgical production capacity suffered little during the war, but under the Potsdam Agreement 80 percent of it was dismantled. Consequently, crude steel production capacity fell from 1.2 million tons per year to about 180,000 tons per year. Other losses as a result of dismantling were as follows:

Table 6. Production Capacity Losses of Metallurgical Industry

<u>Type of Production</u>	<u>Capacity Lost (% of 1939)</u>	<u>Remaining Capacity (tons per year)</u>
Rolled steel	55	100,000
Steel casting	56	65,000
Cast iron	50	180,000
Malleable cast iron	35	10,000

The enterprises which became SAGs were largely spared in this dismantling process.

However, the industry was able to restore production comparatively quickly. During the years 1947-1950, it was able to procure a considerable amount of production equipment from the West by legal and illegal means. For instance, a complete new rolling mill was procured from West Germany for the Riesa Steel and Rolling Mill, while the USSR returned three rolling mills to the GDR in 1949, because GDR steel production exceeded its rolling-mill capacity. By 1951, the GDR iron and steel industry had largely recovered its pre-1945 production capacity.(6) Reconstruction work completed after that date included: work on the Hennigsdorf Steel and Rolling Mill, completed in late 1951, and on the Riesa Steel and Rolling Mill completed in mid-1952; and modernization work at the Maxhütte Metallurgical Works, Unterwellenborn, completed at the end of 1952.(1)

GDR investments in the metallurgical industry have been as follows during the period 1948-1953:

Table 7. GDR Investments in the Metallurgical Industry, 1948-1953

<u>Year</u>	<u>Total Allocations for New Investments, in million DM (East)</u>	<u>DM (West) Allocations Included in Total Allocations (million)</u>
1948	176.8	32.2
1949	247.9	16.7
1950	362.8	27.8
1951	311.2*	14.5
1952	341.6	10.7
1953 (Plan)	316.4*	12.0

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*[The discrepancies between these figures and Table 3 above cannot be explained.](6)

New iron and steel production capacities created during this period include the following:

Brandenburg Steel and Rolling Mill -- This mill had eight Siemens-Martin furnaces in operation [in early 1953], and four additional furnaces were then planned.

J. W. Stalin Metallurgical Combine, Fuerstenberg -- The 1951 investment plan provided 104 million DM, and the 1952 plan 61 million DM, for its construction.

West Metallurgical Combine, Calbe -- The 1951 investment plan provided 35 million DM, and the 1952 plan 27 million DM, for its construction.

Doehlen High-Grade Steelworks -- The 1951 and 1952 investment plans each provided 27 million DM for its construction.(1)

Through 1950, the metallurgical industry was given preferential treatment in the allocation of investment funds. In 1951, its allocation was less, but increased again in 1952 because of the large funds needed for the construction of the J.W. Stalin and West metallurgical combines and of the Doehlen High-Grade Steelworks.

According to a directive issued by the State Control Commission, new construction in the metallurgical industry under the First Five-Year Plan was to be completed by the end of 1953, so that the industry would be able to make up its production deficit before the end of this plan.(6)

Heavy Machine Building

It is estimated that 31.6 percent of the output of the German heavy machine building industry in 1936 was produced in the area which is now the GDR and East Berlin. The GDR State Planning Commission has estimated that 1936 production in this area was worth 1,160,000,000 Reichmarks, while 1947 production, that is production during the first year after dismantling, amounted to 409.7 million Reichmarks [presumably sales prices in the respective years]. It is estimated that the reduction in production capacity was roughly proportionate to this reduction in output.

In 1949, the GDR machine building industry received 21.5 million DM in investment funds, of which about 20 million DM was allocated to the heavy machine building industry. Of this latter amount, the machine-tool industry received 12 million DM. In 1950, more than 90 percent of 35 million DM allocated to the machine building industry for investments went to the heavy machine building industry. This amount was further increased [by an unspecified amount] after the announcement of the Five-Year Plan, so that preliminary work on the 1951 plan could begin.

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Table 8. Planned Investments of the GDR Machine Building Industry, 1951-1952, as Provided in the Five-Year Plan

Production Areas (including their administrations of people-owned enterprises)*	1951		1952	
	(million DM)	(%)	(million DM)	(%)
Ministry of Machine Building**, Total	860	100	660	100
Production areas				
Foundries and forges (GUS)	24	2.8	18	2.7
Fittings, hardware and metal goods (TEWA, MEWA, SANAR)	25	2.9	29	4.4
Vehicle construction (IFA, VWV, LOWA)	261	30.3	159	24.1
Electrical equipment, total	156	18.1	117	17.8 (7)
Including:				
VEM	76	--	85	--
IKA	20	--	4	--
RFT	60	--	28	-- (8)
Precision instruments and optics (Mechanik, Optik)	74	8.6	75	11.3
General machine building (IBH, Nagema, Textima, Polygraph)	102	11.9	68	10.3
Heavy machine building, total	218	25.4	194	29.4 (7)
Including:				
WMW	94	--	85	--
EKM	50	--	63	--
ABUS	74	--	46	-- (1)

*[For an explanation of the abbreviations of administrations of people-owned enterprises, and for a list of enterprises under each administration, see FDD Summary 104.]

**[As constituted in 1951-1952.]

Electrical Equipment

According to West German estimates, the area which is now the GDR and East Berlin produced 493 million Reichsmarks' worth of electrical equipment in 1936, out of a total German output of 2,110,000,000 Reichsmarks (at 1936 prices). During World War II, there was a considerable expansion of the electrical equipment industry. Furthermore, because of Allied bombings, a number of factories were moved from (East and West) Berlin to Sachsen and Thuringen. It is estimated that the industry lost approximately 20 percent of its capacity as a result of war damage.

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After the dismantling program, the industry retained about 20 percent of its 1936 capacity in the GDR area. By 1947, most of the enterprises which had not been wholly or partially dismantled had become SAGs and were working completely for the USSR. They received authority and funds to rebuild damaged plants and to expand their production capacity. Some of them were even given machinery taken from dismantled enterprises. On the other hand, enterprises remaining in GDR ownership received no such help. Some of the smaller enterprises were combined into larger ones to produce electrical equipment which was particularly in short supply, such as electric motors.

According to the GDR State Planning Commission, GDR output of electrical equipment in 1950 amounted to 1,238,000,000 DM, as compared with 1,410,000,000 DM in 1936, in comparable gross production values calculated by the State Planning Commission for purposes of this comparison. These values are not comparable with the 1936 sales prices cited above. To what extent the comparable gross production values for 1936 and 1950 reflect the rise in prices between these 2 years is not known.

Investment funds appropriated to the electrical equipment industry in 1951 were to be spent as follows:

Table 9. Allocations of 1951 Investment Funds for the GDR
Electrical Equipment Industry

<u>Allocation</u>	<u>Percentage</u>
Reconstruction of existing enterprises	12
New investments	58
Imports for investments	19
Advance payments for imports	5
Preparatory work on 1952 investments	6 (8)

Shipbuilding

The GDR invested about 60 million DM in its shipbuilding industry in 1949, and about 85 million DM in 1950.

Planned investments for the period 1951-1953 were as follows:

Table 10. Planned Investments in the GDR Shipbuilding Industry, 1951-1953
(million DM)

	<u>1951</u>	<u>1952</u>	<u>1953</u>
Shipbuilding industry, total	115	94	95 (9)
Including:			
Warnow Shipyard, Warnemuende	--	24	24.5
Volkswerft Shipyard, Wismar	--	19	25.6
Shipbuilding Research Institute, Rostock	--	--	12.0
Neptun Shipyard, Rostock	--	--	8.8 (1)

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Chemicals and Pharmaceuticals

The GDR spent 42.7 million DM in 1949 and 67.3 million DM in 1950 on investments in the chemical industry. The 1951 plan called for investments of 82.6 million DM. (10)

The GDR's investment policy in its pharmaceutical industry after 1949 had a twofold aim. In the first place, production capacity for basic pharmaceuticals was to be created; for all major enterprises producing basic products were located in West Germany. Second, those major producers which had been weakened by war damage and dismantling and small producers, many of which had been established only since World War II, were to be combined into effective production units. These were to be concentrated mostly in the areas of Berlin and Dresden. However, this policy was not carried out consistently. Moreover, the investment funds made available to the pharmaceutical industry during the years 1949-1953, as shown in the following table, did not suffice to implement this program.

Table 11. Investments in the GDR Pharmaceutical Industry, 1949-1953

<u>Year</u>	<u>Million DM</u>
1949	2
1950	4
1951	8
1952	8
1953	9-10 (11)

Road Building

The GDR Five-Year Plan provides that 35 million square meters of roads and highways is to be repaired during the plan period. In addition to the funds for this work, the plan allocated 104 million DM for the new construction of Autobahnen and long-distance highways, and a further 40 million DM for the new construction of first- and second-class roads.

However, the costs of road construction and repairs had been underestimated. At the end of 1951, the then Directorate-General for Motor Transports and Roads, which was in charge of highway construction, announced that the repair of only 2.7 million square meters of pavement had cost 80 million DM, and that the new construction of one kilometer of Autobahn cost 900,000 DM, and of one kilometer of long-distance highway, 450,000 DM. The funds allocated for highway and road construction and repair in 1950-1951 sufficed therefore only for 68 percent of the construction planned for these years.

In 1953, the GDR allocated 96 million DM for bridge and road construction, of which about 55 million DM was intended for bridge construction, and about 41 million DM for road construction. (12)

Housing Construction

During the period 1946-1948, housing units available in the GDR area actually diminished. Some damaged houses were torn down, and others were requisitioned by the occupation power.

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From 1948 to 1950, housing became available as follows:

Table 12. New Housing Available in the GDR, 1948-1950
(in units)

<u>Year</u>	<u>Planned New Housing</u>	<u>Planned Restored Housing</u>	<u>Total Planned Housing</u>	<u>Actually Completed Housing</u>
1948	--	--	--	32,000
1949	5,000	15,350	20,350	17,500
1950	--	--	21,000	17,500 (2)

The first great housing construction program in the GDR was planned and carried out in conjunction with the land reform, when there was a shortage of about 80,400 housing units for the resettled farmers. Construction of 37,000 units for these farmers was therefore planned for 1948, but this program was completed only 73 percent. In 1949, 20,000 units were planned, but only 57 percent of them was completed. In 1950, after this construction program had been shifted from the Ministry of Agriculture and Forestry to the Ministry of Construction, 30,400 units were planned (including the deficit from 1949), but only 10,000 were completed. For this reason, construction of more than one half of the original 80,400 units had to be planned under the Five-Year Plan.

Part of the costs of the land-reform construction program was to be borne by the resettled farmers in the form of a credit. These credits were as follows: in 1948-1949, 15,000 DM for a house costing 25,000-30,000 DM; in 1951, 8,000 DM for a house costing 11,000 DM; and in 1952, 9,800 DM for a house costing 13,600 DM.

The Five-Year Plan provides for the construction of a total (including the land-reform construction program) of 240,000 units, of which 20,000 units were to be built by the end of 1952 and a total of 54,000 units by the end of 1953. Fulfillment of this plan is not likely. In 1953, the expenditures for new housing in the amount of one billion DM, originally planned for that year in the Five-Year Plan, were reduced to 500 million DM.

Official GDR announcements show that [completion of?] new housing has increased as follows:

Table 13. New Housing in the GDR, 1950-1953
(in percent of the preceding year)

<u>Year</u>	<u>Percent</u>
1950	96
1951	78
1952	103
1953	40

It should be remembered that these percentages are based on low levels of completion and do not, therefore, indicate a continuous progress.(2)

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C-O-N-F-I-D-E-N-T-I-A-L

50X1-HUM

C-O-N-F-I-D-E-N-T-I-A-L

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